

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

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| (1) DEPARTMENT Planning and Building | (2) MEETING DATE 1/29/2013 | (3) CONTACT/PHONE Mike Wulkan, Supervising Planner / 805-781-5608 | |
| (4) SUBJECT Submittal of a Memorandum of Agreement between the City of Paso Robles and the County regarding an update to the City's Sphere of Influence. | | | |
| (5) RECOMMENDED ACTION That the Board of Supervisors adopt the "Memorandum of Agreement between the City of Paso Robles and the County of San Luis Obispo Regarding the City's 2012 Sphere of Influence Update" included as Attachment 1 with this report. | | | |
| (6) FUNDING SOURCE(S) Department Budget | (7) CURRENT YEAR FINANCIAL IMPACT \$0.00 | (8) ANNUAL FINANCIAL IMPACT \$0.00 | (9) BUDGETED? Yes |
| (10) AGENDA PLACEMENT { } Consent { } Presentation { } Hearing (Time Est. _____) { X } Board Business (Time Est. <u>30 min.</u>) | | | |
| (11) EXECUTED DOCUMENTS { } Resolutions { } Contracts { } Ordinances { X } N/A | | | |
| (12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A | | (13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: { } 4/5th's Vote Required { X } N/A | |
| (14) LOCATION MAP Attached | (15) BUSINESS IMPACT STATEMENT? No | (16) AGENDA ITEM HISTORY { } N/A Date <u>January 24, 2012</u> | |
| (17) ADMINISTRATIVE OFFICE REVIEW Reviewed by Leslie Brown | | | |
| (18) SUPERVISOR DISTRICT(S) District 1 | | | |

County of San Luis Obispo



TO: Board of Supervisors

FROM: Planning and Building / Mike Wulkan, Supervising Planner

VIA: Chuck Stevenson, AICP, Division Manager, Long Range Planning

DATE: 1/29/2013

SUBJECT: Submittal of a Memorandum of Agreement between the City of Paso Robles and the County regarding an update to the City's Sphere of Influence.

RECOMMENDATION

That the Board of Supervisors adopt the "Memorandum of Agreement between the City of Paso Robles and the County of San Luis Obispo Regarding the City's 2012 Sphere of Influence Update" included as Attachment 1 with this report.

DISCUSSION

Background

The Local Agency Formation Commission (LAFCo) is updating the Sphere of Influence (SOI) and the Municipal Service Review (MSR) for the City of Paso Robles. When LAFCo updates a city's SOI and MSR, it considers an approved Memorandum of Agreement (MOA) between the County and the city.

This MOA between the City of Paso Robles and the County is a tool that spells out how the City and the County will cooperate for mutually beneficial planning of areas within the SOI regarding, for example, the type, size and timing of growth at jurisdictional boundaries. This MOA would replace the 2004 MOA between the City and the County.

In accordance with the requirements of the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000, LAFCo staff prepared a SOI update and a MSR for the City of Paso Robles, as well as a Mitigated Negative Declaration. These documents are available on the LAFCo's web site, www.slolaftco.com. The purposes of the MSR and SOI update are to analyze the City's capability to serve existing and future residents and to establish a SOI boundary for the community's probable growth and service area over the next 20 years. A SOI provides for the orderly and logical growth of a city and represents its 20-year growth boundary.

LAFCo is required, pursuant to State regulations, to update a jurisdiction's SOI every five years. LAFCo has authority over changes to a SOI and annexation requests. State regulations strongly encourage a city and county to reach agreement regarding the SOI boundaries and development policies and regulations for lands that could ultimately be annexed into a city. A MOA between a city and county is given great weight by LAFCo when it considers changes to a SOI.

Memorandum of Agreement

Background

Staff from the County of San Luis Obispo, City of Paso Robles, and the LAFCo have held a series of meetings to prepare this MOA that will guide development on lands that are currently outside of the Paso Robles city limits. LAFCo staff played the primary role in preparing the MOA and facilitating meetings between City and County staff.

On January 24, 2012, the Board of Supervisors considered the MOA, but continued the matter to allow for further discussion and input regarding the SOI boundary. A Board member requested that the MOA include provisions that 1) annexation requests within the SOI be consistent with the City's Purple Belt Program, and 2) there be a resolution of water supply issues as raised in Resource Capacity Study of the Paso Robles Groundwater Basin. The MOA was subsequently revised to reflect changes to the SOI that were agreed upon by City and County staff. The MOA was revised to 1) strengthen language regarding consistency with the City's Purple Belt Program and reference to the Resource Capacity Study of the Paso Robles Groundwater Basin, 2) eliminate Study Area #2 (12-acre "Golden Oak Area") and 3) add the 80-acre Collins Vineyard property to Study Area #3 and describe the City's intent for future development of that area (see the following maps for locations of the study areas). On November 20, 2012, the MOA was approved by the Paso Robles City Council (see Attachment 1).

Provisions

The MOA (see Exhibit A in Attachment 1) includes provisions to:

- Coordinate development review between the City and the County
- Follow guiding principles for future development within the SOI
- Maintain the existing SOI (see Attachment 2 and Exhibit B in Attachment 1)
- Add Study Areas 1, 3, 4, and 6 to the SOI, as shown and described on the following maps

More, specifically, the MOA includes provisions to:

- Preserve agricultural land and open space resources
- Document an adequate, reliable and sustainable water supply prior to annexation
- Encourage compact urban development near existing infrastructure, while preserving rural character with distinct boundaries between urban and rural areas. This provision is to be carried out by strategies that include implementing the City's Purple Belt Program and principles. The intent of the Purple Belt Program is to preserve and protect agricultural lands by:
 - Identifying properties in agricultural and/or open space use that are potential candidates for long-term preservation
 - Reaching voluntary agreements with property owners to acquire "non-development" or conservation easements that would lead to the preservation of the current uses
 - Enhancing the economic viability of agriculturally-related uses through the City's acquisition of non-development easements
- Implement policies and strategies found in the County's Framework for Planning and Conservation and Open Space Element, including those to avoid low-density development at the edges of the community
- Incorporate the City's Gateway Plan standards into future development
- Mitigate development impacts
- Prepare land use policies and regulations in advance of requests for annexation
- Guide future development in Study Areas 3 and 4

Two study areas are proposed to be excluded from the SOI. The 270-acre Furlotti Family Ranch Company properties (Study Area 5) are located at the northwest quadrant of Highways 101 and 46. The MOA acknowledges that these properties are excluded from the proposed update of the SOI. However, the MOA states that the City may propose annexation of the properties in a future combined SOI and annexation process following preparation of a land use plan and EIR. The other area proposed to be excluded from the SOI (and the MOA) is Study Area 2, the "Golden Oak Area." This is a 12-acre property adjacent to the City's eastern boundary, north of Hunter Ranch Golf Course. It is planted with a vineyard, is considered prime farmland and is designated Agriculture in the County Land Use Element.

The MOA includes a special referral area for proposed projects in surrounding unincorporated areas. The special referral area is shown in Attachment 1, Exhibit C, Project Referral Map. In this referral area, development proposals that are subject to review by the County will continue to be referred to the City for review. Similarly, projects in the City that may have an effect on adjacent or nearby land in the County area will be referred to the County for its review. This will allow each agency an opportunity to evaluate possible impacts to resources, infrastructure and public services.

County review of the Memorandum of Agreement

The proposed MOA is being presented to your Board for consideration and adoption and is included with this report as Attachment 1. The MOA's provisions do not supersede or limit the existing review authority or environmental review process of either jurisdiction. The provisions of the MOA do not bind either the City or the County. Rather, the approach of the MOA is to ensure close coordination and cooperation between the City of Paso Robles and County on the future planning and development of the areas within the SOI. The results of the approved MOA, the SOI and MSR update that may be adopted by LAFCo can subsequently be incorporated into the preparation of a future update of the County General Plan for this area.

Applicable County Policies

Except for Study Area 6, the properties proposed to be included in the SOI are located outside of the County's Urban Reserve Line (URL) for the City of Paso Robles. Framework for Planning, Part I of the County Land Use Element, identifies URLs as areas for urban and suburban growth within a 20-year time frame. In that way, they are analogous to and should be coordinated with SOIs. The MOA provides that properties within the proposed SOI and outside the existing URL be used for agricultural, rural residential and agriculturally-related visitor-serving commercial use. Development of these properties, if it occurs in a manner consistent with the MOA's provisions, could be found consistent with County General Plan policies. Any inconsistencies with existing County General Plan land use designations could be resolved through a future General Plan amendment by the County.

Strategic Growth Principles

The County General Plan, Framework for Planning, Chapter 1, contains Strategic Growth policies that encourage growth in an efficient and environmentally sensitive manner that provides people with additional travel, housing and employment choices. These policies are intended to focus most future growth closer to existing and planned job centers and public facilities where sustainable resources are available. The following characteristics are taken from Framework for Planning and have been incorporated into the MOA as much as possible.

"Strategically planned communities are urban or village areas with the following characteristics:

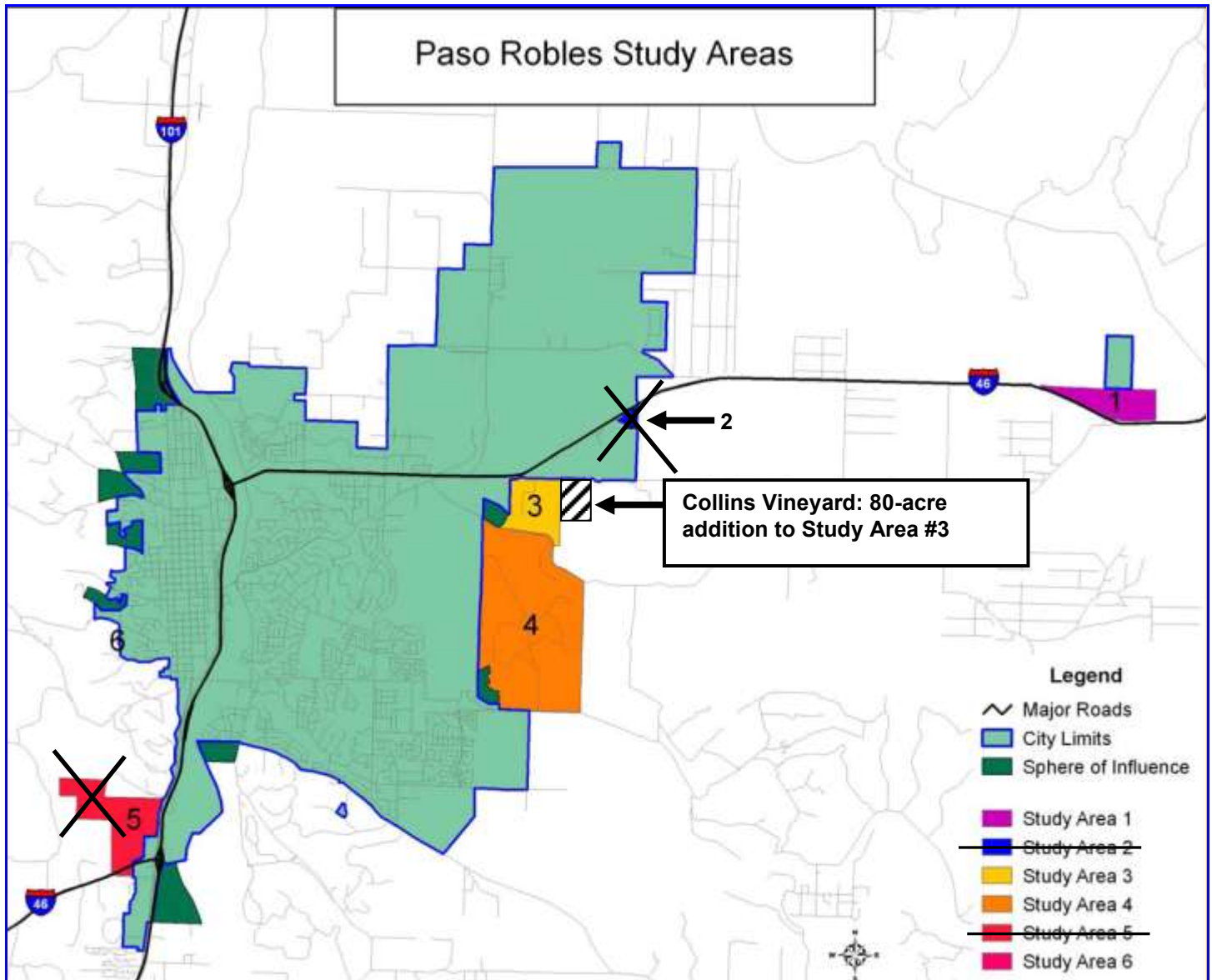
- Adequate resources, services and facilities for long-term growth (20 years),
- Inter-connected street systems, bicycle and pedestrian ways,
- Neighborhood areas that can accommodate a variety of housing types that are affordable to all income groups, which are located close to focal points serving daily needs,
- Adequate areas for commerce, employment, education, recreation, civic and social life."

The following Strategic Growth Principles are directly or indirectly incorporated into the proposed MOA:

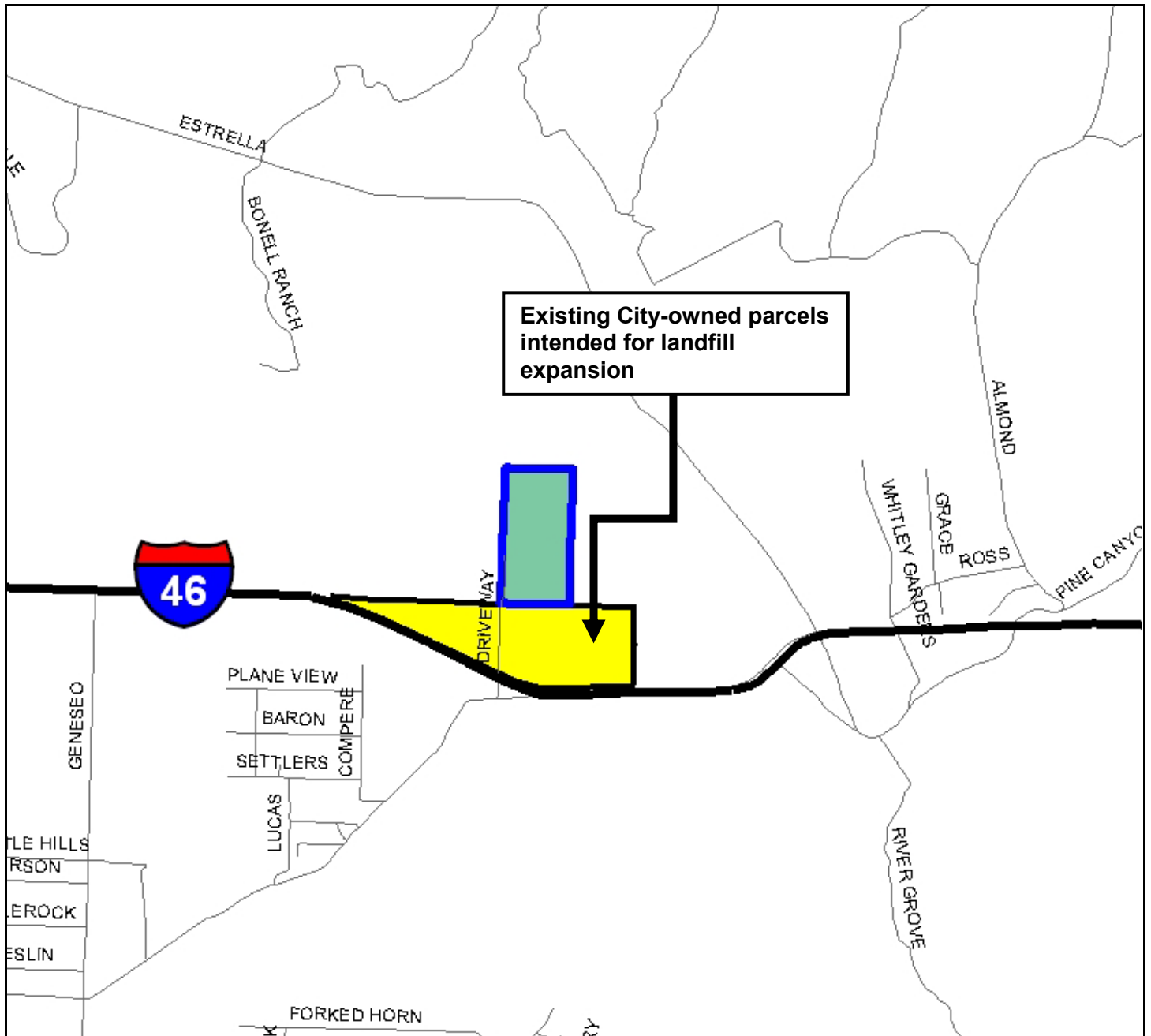
1. Preserve open space, scenic natural beauty and sensitive environmental areas
2. Conserve energy resources. Conserve agricultural resources and protect agricultural land
3. Strengthen and direct development towards existing and strategically planned communities
4. Foster distinctive, attractive communities with a strong sense of place
5. Create walkable neighborhoods and towns
6. Provide a variety of transportation choices

Following are maps and descriptions of the study areas that are proposed to be added to and excluded from the SOI.

Map of Study Areas

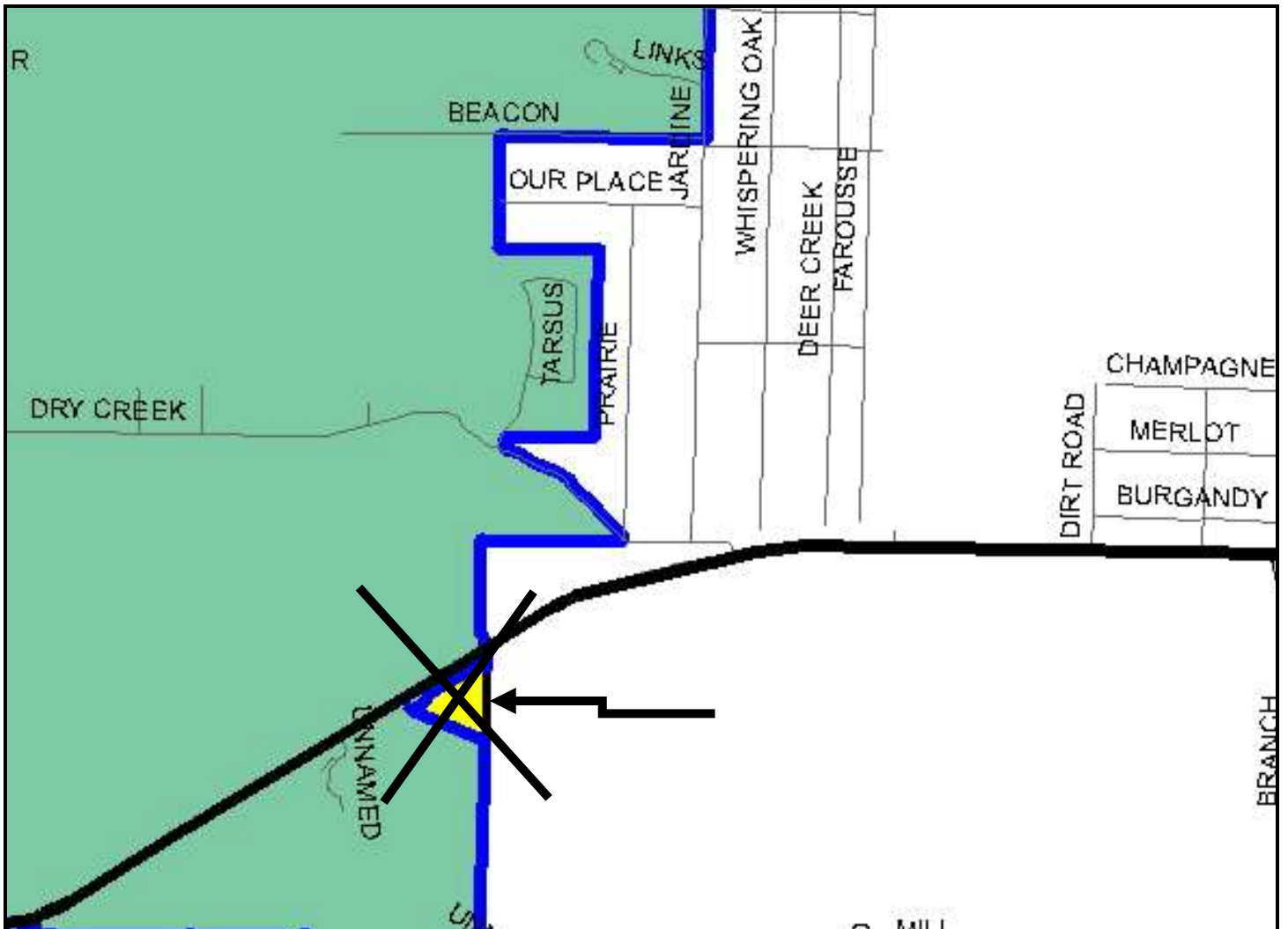


Study Area 1



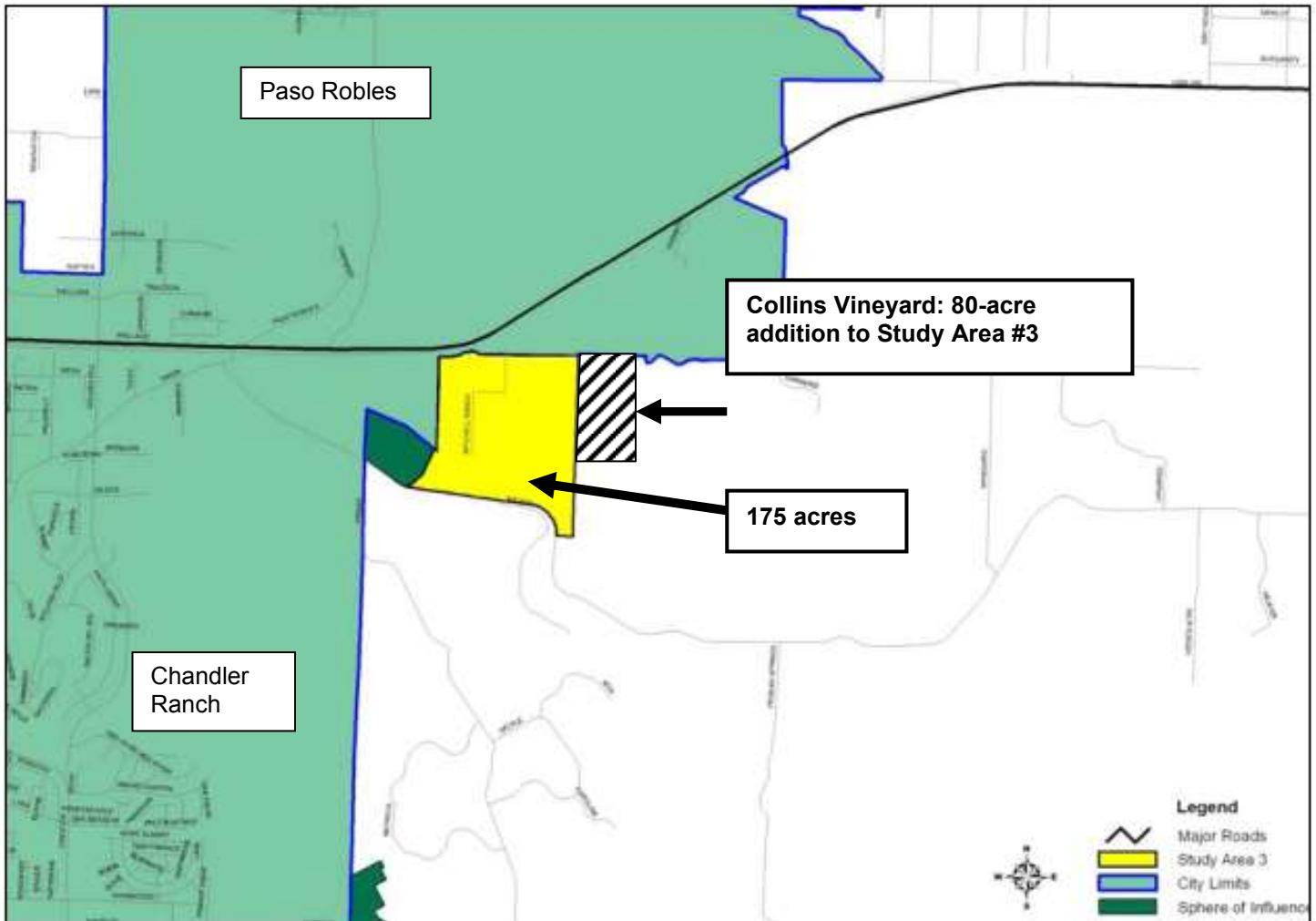
Study Area 1 - The City owns these properties and is planning to expand the landfill and provide other public infrastructure and services to City residents. A Specific Plan and General Plan Amendment would need to be considered and approved by the City. This area would be a logical extension of the City's boundary adjacent to the landfill.

Study Area 2



Study Area 2 – The “Golden Oak Area” (not included). This is a 12-acre area that is planted with a vineyard. The site is adjacent to the City’s eastern boundary, north of Hunter Ranch Golf Course. The site is considered to be prime farmland and is designated Agriculture in the County Land Use Element. Agricultural lands to the east are subject to Land Conservation Act contracts.

Study Area 3

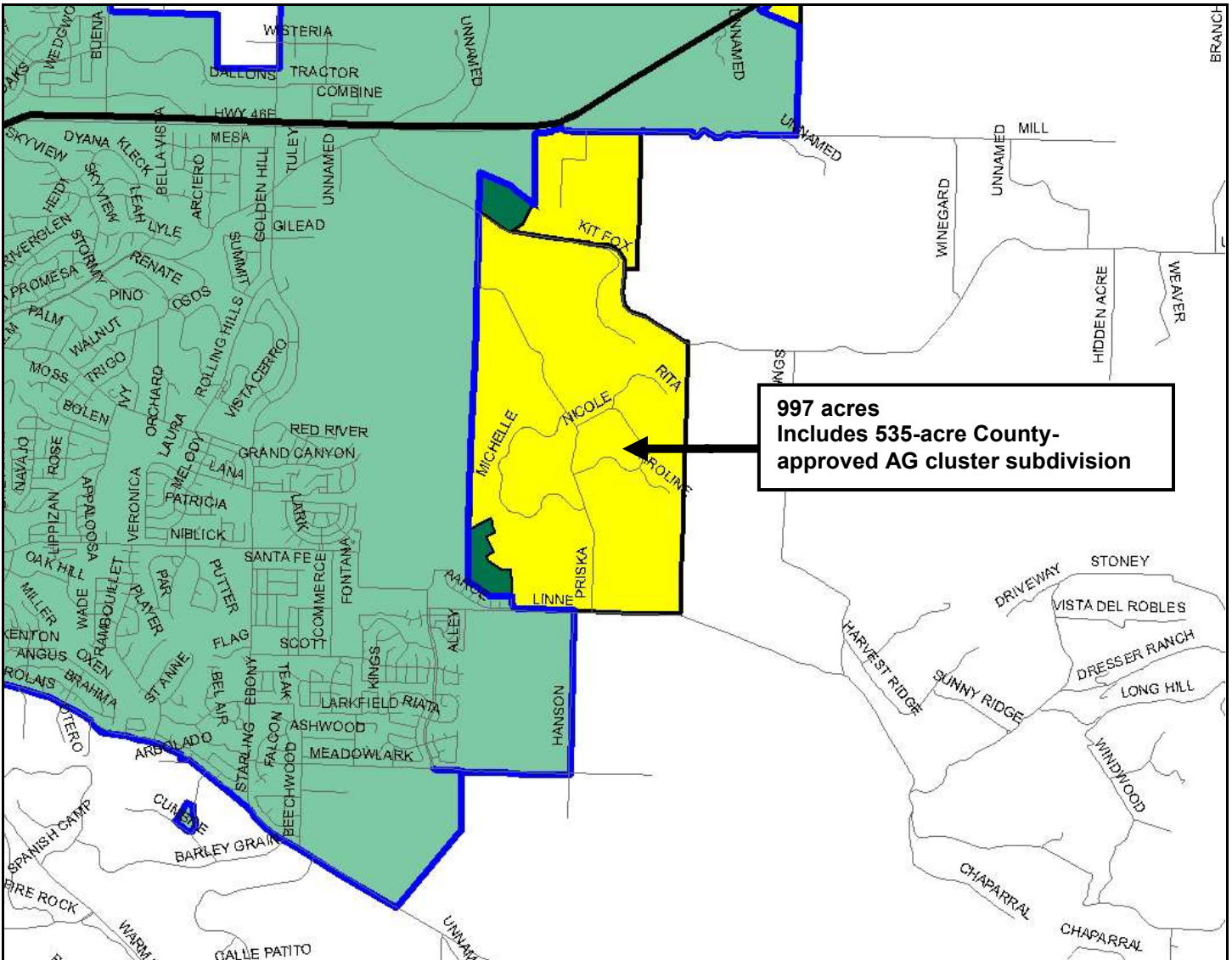


Study Area 3 – Mill Road Area - The Mill Road area covers about 255 acres and is adjacent to the eastern boundary of Paso Robles, just south of Hunter Ranch. The site is designated Agriculture in the County's Land Use Element. This area is developed with the Robert Hall Winery, vineyards and several homes on larger parcels. This type of development at the outer edges of the City boundary is consistent with Paso Robles' Purple Belt Program, because it acts as a transition to the more rural area.

The City anticipates a possible secondary access road from Union Road to Highway 46 East along the westerly edge of the 80-acre Collins vineyard property. Funding for design, construction and maintenance of the road would be arranged through a future annexation-related process.

The City's intent is that this area be maintained in agricultural, rural residential and agriculturally-related visitor-serving commercial use, consistent with the Purple Belt Program and the existing land use. In the future, the City may consider annexation of the Collins vineyard property for a possible hotel development on an approximately three-to-four-acre portion of the property. The remaining area of the property would be protected from non-agriculturally-related development in perpetuity. Under these circumstances, inclusion of this area in the SOI provides a logical extension of the City's boundaries. The City's Land Use and Open Space policies and standards would manage potential future development in this area.

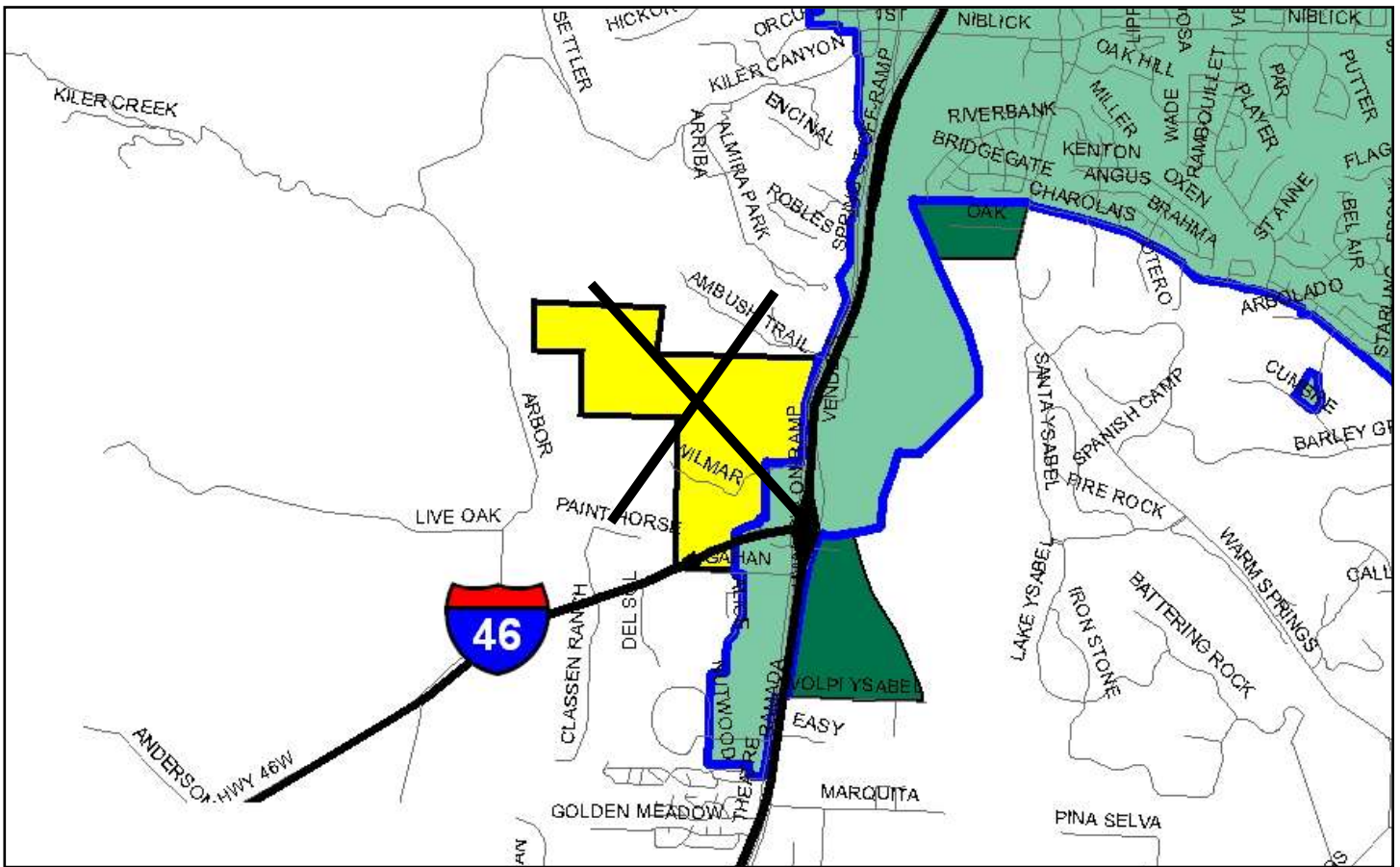
Study Area 4



Study Area 4 – Vina Robles Area. This area covers about 997 acres and is adjacent to Paso Robles’ eastern boundary. The area is designated Agriculture in the County Land Use Element. This study area includes the approved Huer Huero Ranch agricultural cluster subdivision that allows 42 single family residences and 7 farm worker housing units and preserves 95% of the site for agriculture/open space use. The City’s Purple Belt Program calls for this type of pattern on the outer edges of the City boundary that would act as a transition area to the more rural area.

The City does not intend to change the land use of this area. However, in order to deal with poor water quality, the City could provide water for indoor domestic use through annexation or an outside user agreement. In addition, when recycled water from the City's wastewater treatment plant becomes available in the future, it could be used for agriculture and landscaping. In these ways, the area's groundwater resources could be better managed by reducing the number of wells that are pumping within the Paso Robles Groundwater Basin, which is at or approaching its perennial yield.

Study Area 5

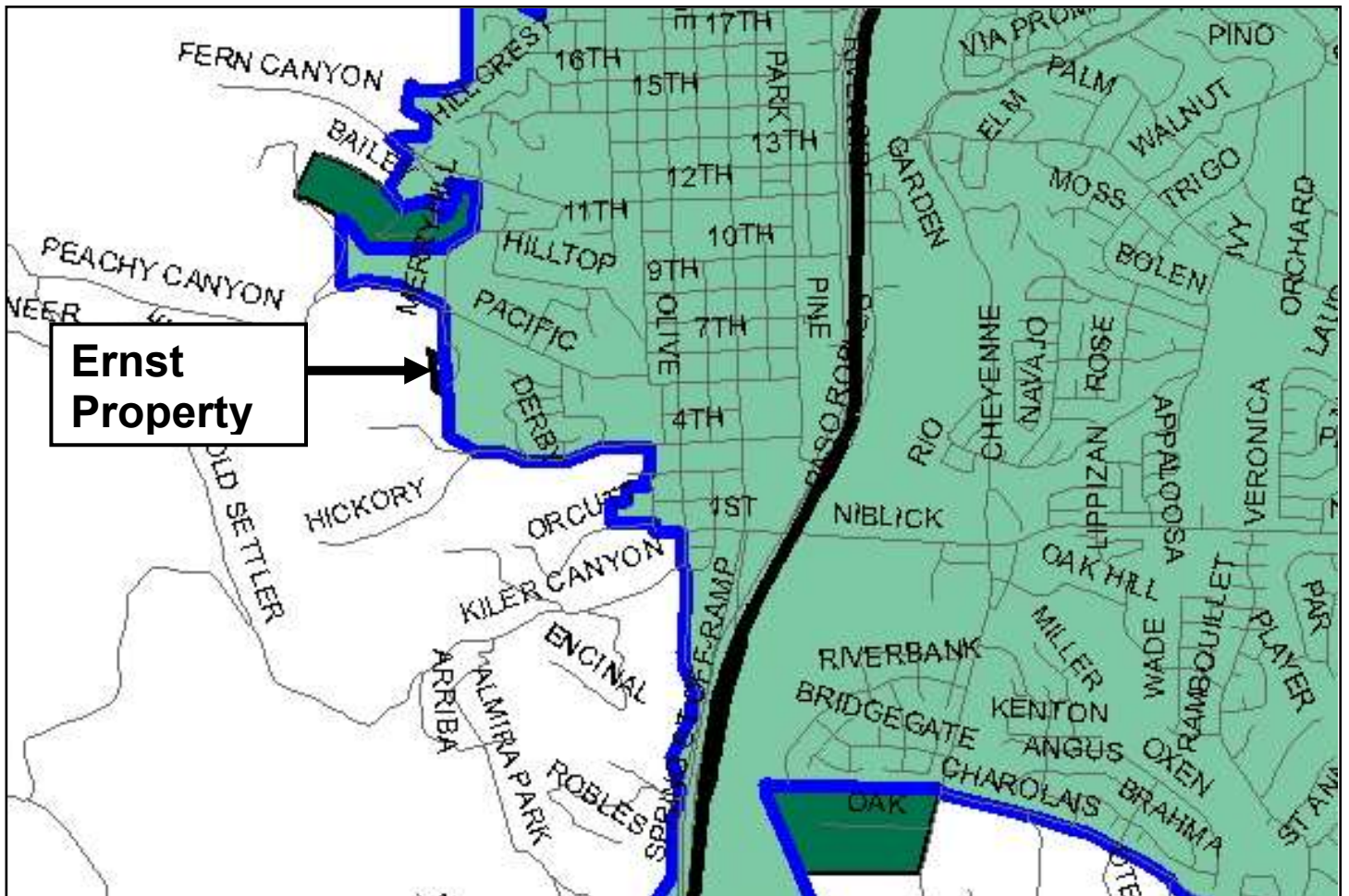


Study Area 5 – Furlotti Family Ranch Company properties (not included). These properties are not included in the proposed SOI. They total about 270 acres and are located at the northwest quadrant of Highways 101 and 46 within the unincorporated area. A portion of the area is within the County's Urban Reserve Line for Paso Robles and is designated Residential Suburban in the County Land Use Element; the rest of the area is designated Agriculture.

Large areas of the site are visible from both Highways 46 and 101. The site is characterized by sloping terrain, oak woodlands, and a large and deep drainage area that bisects the properties. The surrounding area consists of larger lots in active agriculture production.

The City and property owners expect that a land use plan and EIR will be prepared in the near future. The land use plan and EIR will study a possible expansion of the SOI and annexation of this area. Through this planning process, more specific details and information about a project will become available. At that time, the project could be fully reviewed by the County and members of the public. Subsequently, this area could be reconsidered for inclusion into the SOI and annexation. The land use plan and EIR is expected to address issues such as land use conflicts, circulation, community separation, visual impacts, water supply, and agricultural protection.

Study Area 6



Study Area 6 – Ernst property The Ernst property is approximately 1.5 acres in size and is designated Residential Rural in the County Land Use Element. It is within the County's Urban Reserve Line for Paso Robles. The property ownership is split by the City/County boundary line. LAFCo policies call for properties to be included in the City along parcel lines.

The City currently does not provide services to this site. Instead, water and wastewater are provided by an on-site well and septic system. The LAFCo report indicates that the City is capable of providing services to the property and that existing infrastructure is available with adequate capacity to serve the site. The City has policies that require the developer to pay for infrastructure improvements and other needed facilities and resources. Based on the above, County staff supports including this Study Area in the SOI.

OTHER AGENCY INVOLVEMENT/IMPACT

LAFCo is the lead agency responsible for preparing the SOI updates and MSRs required by the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000, with city and County participation. The City of Paso Robles will be the lead agency on the future preparation of general plan amendments for the areas within the SOI boundary before they are annexed. The City, County and LAFCo staff worked together in reviewing the proposed SOI update. County Counsel has reviewed and approved the MOA as to legal form and content.

FINANCIAL CONSIDERATIONS

Staff participation in the proposed SOI update and the Memorandum of Agreement is covered by the Department's current budget.

RESULTS

Adoption of the Memorandum of Agreement will formalize the intent of the County of San Luis Obispo and the City of Paso Robles for a cooperative and coordinated approach to the future planning and development of the area proposed to be included within the updated SOI. Adoption of the MOA will also ensure that the LAFCo considers the intentions of the City of Paso Robles and the County when reviewing the SOI Update. This advances the countywide goals of a livable and well-governed community.

ATTACHMENTS

- Attachment 1: MOA between the City of Paso Robles and the County of San Luis Obispo regarding the City's 2012 Sphere of Influence Update
- Attachment 2: Existing Sphere of Influence Map, 2004
- Attachment 3: County Land Use Category Map